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WILLIAM BENTON  
PUBLISHER & CHAIRMAN

December 9, 1957  
Dictated over the week-end.

Dear Allen:

Thanks a whale of a lot for the chance to review the notes on your Committee for Economic Development speech. I deeply appreciate your sending me this material.

I wish I could be of greater assistance to you in the high responsibilities which are yours. I know some of your hazards. You will of course laugh at my own failure in incoming intelligence when I had hopes in August and September of 1956 that Governor Stevenson would be elected - and when I expressed the strong opinion that one essential appointment of the new Democratic regime should be to try to prevail on Allen Dulles to carry along as head of the C.I.A.!!

Sincerely,

*Bill Benton*  
William Benton

25X1

The Honorable  
Allen Dulles  
Central Intelligence Agency  
Washington, D.C.

Attachment  
arh



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ADDRESS AT THE TRUSTEES MEETING OF THE  
COMMITTEE FOR ECONOMIC DEVELOPMENT

21 November 1957

THE COMPETITIVE STRUGGLE BETWEEN AMERICAN  
ENTERPRISE AND SOVIET COMMUNISM

- I. Role and performance of Intelligence.
- II. Fallacy to assume Free Enterprise State inevitably out produces state whose economy controlled by Fascist or Communist type or state dictatorship.
  1. Tend to fall into this error -- Idea we would conquer Japan in a few weeks.
  2. Discounted German aviation in 1940 as today many have done in USSR missile development.
- III. Issue is the objective and goals of free enterprise as contrasted with state-controlled enterprise.
  1. Free enterprise concentrates on development of what the bulk of the people want to improve their livelihood; raise living standard.
  2. State-controlled enterprise concentrates on goals fixed by dictatorial leaders first; people come second.

3. These goals usually military. Clearly so with USSR.

Therefore, no wonder that from time to time have shock of finding that state-controlled enterprise has outstripped us in certain areas of major emphasis.

If USSR ahead in missiles -- no reason seek some mysterious answer. Fact is they have spent more manhours under highly competent scientific and technological leadership with necessary tools and ingredients. Q.E.D.

4. History full of examples of great complacency on the part of the well-fed, well-clothed, high-standard-of-living countries in the face of external threats. One can cite this from Greek and Roman days down to England and France before World War II and the shocks that have come from Sputniks and guided missiles in the hands of others.

/WWII Examples -- German aviation -- underrating Japs./

*Sadler*  
IV. Fortunate that we had a Korean War as a first alert of Communist ambitions and potentials and a second alert in Sputnik and the tests of long range guided missiles before time had run out.

V. Hard to get over our misconceptions about strength capabilities,  
of Soviet Union --

(Czar and Mujik)

Have no use for their form of government and the oppressive  
police-type state. Cannot see how such organizations can get  
the best in work and accomplishment out of their people. In our  
minds have listed Russia as backwards; good in chess and the  
ballet; courageous and tenacious in war, it is true, but otherwise  
somewhat uncivilized and hence weak. This view, not by any  
means universal, has pervaded too much of our thinking.

VI. In Intelligence Community learned that what we in Western  
world could do in science and technology, the Soviet could also do.  
It goes as corollary of this that if they put more time, manpower,  
effort and resources in a given field than we do, they will get  
better and quicker results than we.

VII. In competitive struggle between American enterprise and  
Soviet Communism, we must act on this basic assumption.  
Also, if "A" has done something in scientific and technical  
field and proved it works - always easier for "X" to do it also.  
They fast followed us in nuclear field - we can do same in missiles.  
Important avoid gaps.

VIII. What are basic Communist assumptions? Hence, where do they put the emphasis of their effort?

1. They believe fundamentally that Capitalism and free enterprise and the Communist-Socialist dictatorship-type of organization are incompatible and some day showdown will come. When it does - they feel they must have tools to win.
2. Pending that time they will preach co-existence in order to have an adequate period of peace to complete their preparations.
3. If during this period they gain a massive superiority over us in any field they will feel that they can press their advantage diplomatically with ever-increasing boldness. Even if nuclear delivery stalemate - they hope have negotiating advantage of party - willing use blackmail.

Danger area - if they get ICBM in quantity before we do.

XI. In order to provide a base for this policy they have concentrated on three main lines:

1. Building up their industrial strength, particularly in heavy industry;
2. Concentrating on gaining superiority in selected phases of the military field;  
(No aircraft carriers - K and aircraft as museum pieces);
3. Gaining allies abroad by economic and military aid and trade and techniques of internal subversion.

X. Industrial Strength.

Forty years since Communist take-over in Russia. Of these 40 years, 15 - 20 occupied with internal political control after World War I, and the fighting and reconstruction after World War II, leaving some 20 - 25 years of which the last 10 the most important in consolidating their industrial strength.

It took USA as a model and borrowing all they could from us, particularly in heavy industry field.

By channeling large share of their total production into investment base, have achieved a high rate of growth at cost of Soviet consumer. Today Soviet gross national product roughly 40% of ours.

6.

But of that total, Soviet defense takes about 15%, compared to 9% in the U. S. Further, owing to relative efficiency of Soviet military goods industries and low pay for conscripts, total dollar value of their defense expenditure roughly equal to ours. Comparable effort by the U. S. would mean adding over \$20 billions to defense budget, an amount well in excess of total retail value of new car sales this year.

(Note: retail value of U. S. car sales - 1957 - \$14-15 billion)

Soviet investment figure for durable goods roughly equal two-thirds ours but for consumer goods only from 20-25% of ours.

Fair to ask how long Russian people will tolerate this at expense of standard of living. Not easy to answer because even as it is there has been an improvement in Soviet standard of living over past 10 years.

Further improvements expected over next 5 years as result of shift in planned investment away from industry to agriculture and housing, as pledged by Khrushchev. Soviet diet adequate in quantity but overwhelmingly grain and potatoes which account of 75% of caloric intake. In bid for popular support, Khrushchev has promised to "Americanize" Soviet diet by early 1960's, primarily through overtaking us in meat, milk and butter output.

Dull but bearable existence for most. May be better than in old days.

Recently, however, they have been forced to divert manpower and resources into improving their dilapidated agricultural position due to relative failures of Soviet state farm and collective agricultural systems and to the facts of nature, namely, that so much of their arable land is too far north for the best crops.

XI. Turning now to their military accomplishments. In 1946, USA and its Free World European allies led in long range aircraft capabilities, in the nuclear field, electronics, and in jet propulsion.

In 1957, Soviet technology is approaching ours in these fields, (although our nuclear stockpile exceeds their's) and has out-distanced us in some respects.

XII. In guided missile field:

Early in game and clearly within the last few years, Soviets as a matter of policy decided this was ideal weapon for them in their geographic location. With their vast land mass ideally suited for their long range guided missile launching sites away from population centers, they could most effectively maintain unharmed their bases for attack.



In aviation field at a disadvantage vis-a-vis USA with its overseas bases. We nearer to them than they to us.

Therefore desired weapon where range of action was not limited factor. To attack US without unacceptable punishment in return they would need to eliminate not only our centers of production and air bases in the Continental US but those overseas as well. This an ambitious task for air force alone. (Since takeover of German installation Pennerunde late 1945, developed and improved their ballistic missile techniques as highest priority.) This priority increased as thermonuclear warheads replaced first high explosives and then atomic weapons. Extreme accuracy thus became less of an essential.

Meanwhile, however, not neglecting their medium and long range bombers and their submarines which today to a limited degree and some day with greater emphasis will be the launching platforms for guided missiles.

9.

XIII. Naturally, all of foregoing presumes a massive scientific build-up.  
(Here describe: scientific education; treatment of scientists; etc., etc.)  
Able continue to maintain and develop the material and scientific  
bases for expansion in the field of military technology.

XIV. In addition to their industrial base and their military structure,  
there is a third main element in the competitive struggle of Soviet  
Communism with the Free World, namely; their economic and  
political penetration, particularly in the Middle East, South  
and Southeast Asia and even in parts of this hemisphere south  
of the Rio Grande.

Long before Sputnik, peoples of these areas tremendously impressed  
at transformation of USSR in less than four decades from backward  
country into world's second great power and a leader in certain  
scientific fields.

Unfortunately, peoples of these countries too far away to  
understand fully the lessons of Hungary and the lot of many of  
the people in the Soviet Union.

- XV. USSR quick to realize and capitalize on this situation and in particular have held themselves out as willing take raw stuff, food, materials, etc. (Fish from Iceland, cotton from Egypt and Sudan, rice from Southeast Asia, etc., etc.) In most of which we have no interest.
- XVI. Foreign aid concentrated in eleven countries outside of Communist Bloc -- Afghanistan, Burma, Cambodia, Egypt, Iceland, India, Indonesia, Nepal, Syria, Yemen, and Yugoslavia. For fiscal years 1955, 1956, 1957, USSR programmed economic aid to these countries greater than that of U. S. USSR 1.2 billion; U. S. - 900 million. Also has more technicians in these countries than we. Since 1954, USSR trade with underdeveloped countries has doubled; U. S. trade increased by about 20%.
- XVII. While USA total foreign aid program 10 times that of whole Bloc (some 15 billion as compared with 1.4 billion) competitive strength of Soviet effort lies in its careful direction to receptive, unsettled and shaky areas and astuteness with which it has framed its offers and programs so as to get for the least cost in hard exchange the maximum benefit. (Obsolete arms, barter, low interest rates, no strings, etc.)

No reason to doubt USSR can continue this program at present rate without being over-burdened but important remember that on top of this it has Communist China and Satellites whose demands on Moscow far exceed its outlay in undeveloped areas outside of Communist Bloc.

#### XVIII. CONCLUSION

- a. Soviet able continue and even expand present industrial, military and aid programs -- despite the Soviet System.  
But have had to modify system:
  - (1) Freedom and rewards to science.
  - (2) Massive education.
  - (3) Decentralization of industry.
  - (4) All this may bring evolutionary changes in system itself.
- b. Finally, word of warning -- must not let Sputnik become a Trojan Horse -- Should not go "missile mad" to exclusion of adequate defense against other dangers.
- c. While looking at Sky -- must watch underground subversion.  
Guatemala -- Laos -- Indonesia.
- d. We can meet the threat -- whether we can do it with "business as usual" -- you can judge better than I.

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*No reply  
required  
awd/jg*

Mr. William Benton  
Publisher & Chairman  
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342 Madison Avenue  
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New York 17, New York

Dear Bill:

It was good hearing from you again  
and I greatly appreciate your writing to me  
as you did.

Best wishes for a joyous Christmas  
and a successful New Year.

Sincerely,

~~Allen W. Dulles~~  
Director

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CENTRAL INTELLIGENCE AGENCY  
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*No reply  
required  
CWB*

Mr. William Benton  
Publisher & Chairman  
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342 Madison Avenue  
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